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resources in Homs Lake. The water rates charged by the municipalities are by no means excessive.

With regard to electricity for light and power the conditions are, however, much less favorable. The capacity of the municipal power plants in the four main industrial cities is far from sufficient to meet total consumption needs. Most of the larger factories have had to install their own power plants, which imposes an additional capital burden on them.[8] Factories which have no power plant of their own often suffer considerable losses resulting from breaks in the power and light supply. Electricity rates of public utilities, although higher in Syria than, for instance, in Lebanon, Turkey and Egypt, compare not unfavorably with those in the main Western industrial centers.

Equipment

The mechanical equipment of the major industries is in general good. Obsolete or inefficient machinery is continuously being replaced by new plant. Nevertheless, there are still many old factories and workshops where equipment is primitive and modernization is much needed.

Some industries, however, seem as a whole to be overequipped in relation to the available raw material supply or the market outlets for their products. A striking example is the installed capacity in the cotton ginning industry, which could handle between two and three times the present cotton crop. This is no doubt due in part to an overestimation at the time of the cotton boom. The government has accordingly prohibited the importation of cotton gins. In the case of the vegetable oil industry the installed capacity might be more fully utilized if cotton seed were freely importable and oil manufacturers could enter the export market for vegetable oils at competitive prices. As a complement to the protection of local cotton seed, the government has also placed an embargo on the importation of vegetable oils. A third instance of overequipment is in the glass industry: the Damascus factory was designed and installed on the basis of the rather ambitious notion that it should serve most of the needs of the Middle East. Some of its machinery, as for instance that for the manufacture of electric bulbs, has never been in operation. Although most of the items it produces may not be imported into Syria and although recently

[8] See Annex G, p. 413.

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433 402 exports to Lebanon and Jordan, where its glass is admitted duty free, have been increasing, the plant is running much below capacity. A fourth instance is the match industry, which has a capacity much in excess of the requirements of the home market. This industry is also protected by an embargo on imports but prospects for increasing exports are practically non-existent; European matches are of better quality and have captured the Jordan market, Lebanon produces its own and Iraq is putting up a match factory.

Among the industries in which the greatest expansion is taking place, the cement industry ranks first. After completion of proposed extensions, the combined capacities of the Damascus and Aleppo factories will be about 400,000 tons in 1955 as against 240,000 tons in 1953. It is difficult to estimate Syria's cement requirements in the foreseeable future. In 1953 these amounted to 320,000 tons, of which 120,000 tons were imported, but it is probable that even if the present rate of private urban building is not maintained, some increased demand will result from the construction of public buildings, the creation of new settlements, improvements in rural housing materials, the extension of irrigation and improvements in the road system. Since several Middle Eastern countries have their own cement factories (Lebanon has long had a large cement factory, Jordan has just completed one and Turkey has a number under construction), it is doubtful whether Syria will be able to maintain its small export trade.[4] Although the 1955 total production capacity may somewhat exceed the requirements of the local market, the planned extensions do not seem unreasonable and may even contribute to more efficient operation and lower unit costs.

288 402 439 433 The textile industry is expanding capacity by increasing and modernizing equipment. The existing plant is operating at full or almost full capacity, three working shifts being general in the spinning and weaving factories.

In 1953 and through 1954 several tens of thousand additional spindles, several hundred new automatic looms and numbers of knitting machines were installed and optimistic opinions were expressed as to the usefulness of considerable further extensions. Their justification depends on the development of the home and adjoining markets. Syria is approaching self-sufficiency in cotton textiles and the prospects for exports appear promising only in certain specific brands. Only cotton yarn of the higher counts is imported; exports are insignificant. Imports of cotton cloth are

[4] 1,000 tons in 1952; 24,000 tons in 1953.

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larger, and exceed exports which have been falling off. On the other hand, exports of knitted, cotton and rayon goods and other articles of clothing, garments, underwear and socks exceed imports by far.

It should be kept in mind, however, that the entire cotton textile industry is well protected. Imports of yarn and cloth are subject to rather high import duties: 45% ad valorem (about 33% at the free rate of the Syrian pound); duties on fine cotton yarns are substantially lower. In contrast, rayon and woolen yarns are duty free. Socks and stockings (except those made from woolen yarns), men's shirts and pyjamas for men and women may not be imported. This protection, though helpful to the home market, hampers the export trade, particularly in finished goods. This is especially so of those goods requiring use of imported materials in their production; no adequate tariff rebate is given on foreign materials in the exported finished goods. Syrian shirt manufacturers, for instance, claim that with existing machinery they could easily double their production and compete in the export market but for these unfavorable conditions. Although most of the surrounding countries heavily protect their own textile industries, some of Syria's finished textile goods seem to be in a position to compete on the international market to the extent that the component materials are not burdened with protective duties.

In the dyeing, printing and finishing industry—which for a long time lagged behind—a considerable expansion is still anticipated and seems fully justified. Additional machinery was being installed to make possible a full three shifts.

The worsted and woolen cloth industry is not as well equipped with modern machinery as the cotton textile industry. Although the existing plant operates little below capacity and imports of cloth are rather significant, the industry shows no great inclination to expand. Despite the fact that imported yarn is duty free and imported cloth is subject to a rather high tariff, there is keen foreign competition by Italian cloth in the cheaper ranges, British cloth in the higher class and by second-hand suits from the United States. Complaints were heard that the transport charges on the bulkier imported yarns weigh heavily on the industry in comparison to the cost of transporting imported cloth. This drawback seems difficult to overcome. Exports of woolen yarns and cloth have been running well under 7‰ by value, of imported yarns and cloth, and in view of the factors mentioned above, no large expansion of exports is to be expected. For recent figures, see Table 1 of the Appendix.

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The manufacture of silk and artificial silk brocade, mainly as a luxury export, employs only a few mechanical looms; hand looms are still in the majority. The existing capacity seems to be adequate to meet the demand which, because of the high price of the goods produced, is bound to be fairly restricted. Trade figures, however, reveal a trend towards increasing exports of the less expensive types of cloth made from cotton or rayon or a combination of both materials. Recent export and import figures are given in the Appendix.

For one of the factories in the new and continuously expanding rubber boots and shoes industry, most of the machinery (except the cutting and sewing machines) was made in small local engineering shops and assembled at the factory by the company's own labor. It is somewhat primitive, although the goods produced are of reasonable quality. The installation of modern foreign machinery would considerably increase production and reduce labor costs. This industry is protected by an embargo and has a small export trade with surrounding countries. Shortage of capital seems to be the main impediment to faster modernization.

Capital

The original capital of most of the larger Syrian industrial enterprises was put up either by a single family or a small partnership and in general the expansion reflected the amount of earnings retained in the firm. Even in the rather exceptional case in which an enterprise was corporate in form (*société anonyme*), it usually maintained in substance a privately owned and privately financed character.

This pattern of organization and growth is equally true of the majority of industrial firms created since 1945, among them the largest in Syria. Some of these began on a large modern scale, requiring both heavy investments and several million £S of original capital for their financing, and although generally incorporated with a certain spreading of stock in some cases, the company much more often was owned or largely controlled by one or a very few persons. This situation reflects the prevailing distribution of wealth, the reluctance to participate in business without control, the unfamiliarity with stock, the lack of a well organized capital market, particularly for equity investments, and last but not least the preference for large and quick returns on savings, for which there were, at least in the

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indicates that in this field Syria has become a competitor in foreign markets. In dyeing, printing and finishing there seems to be need for additional modern plant. It also seems desirable to investigate the possibility of profitable production of jute fabric sacks. Imports of these sacks have rapidly increased in the last few years, reaching a total of nearly 10,000 tons with a value of £S 6 million in 1953. The need for jute sacks would be lessened if bulk transportation and storage facilities were available but even in that event an increase in general agricultural production might make the establishment of a factory for sack production from imported jute fiber or yarn an economic possibility.

Further expansion of the cement industry may well be required. In fact, the government has authorized a new plant for Aleppo which may be transferred to the Jezireh to serve the growing requirement of north-eastern Syria. A cement plant for the Homs-Hama region is also under consideration.

In the footwear industry modern factory production has been introduced only with regard to rubber boots and shoes. An experiment with factory production of leather shoes in Aleppo some years ago met with such opposition from the handicraft trade that it was abandoned. Nevertheless this branch of industry may be one in which the application of modern production methods would be appropriate and generally beneficial.

It seems useful to investigate the economic prospects of paper and paperboard manufacture. In 1953 about 8,000 tons of paper with a value of nearly £S 5 million were imported. This total comprises a large variety of different types of paper but some are imported in such quantity as to suggest the feasibility of specialized production. Straw is plentiful as raw material and in a relatively short period more poplar wood could become available if farmers and village communities gave increased attention to tree planting.

The production of metal from scrap and the gradual development of an engineering industry may also be contemplated. The manufacture of simple pumps and engines as well as spare parts is already being carried out by many small shops but the quality of the output suffers from inadequate technical supervision. An adequately equipped and staffed plant might be able to undertake the production of these items as well as the improved types of agricultural implements to be developed for use on farms.